

AMENDING AND EXTENDING DISTRICT OF COLUMBIA EMERGENCY RENT ACT OF 1951

JUNE 26, 1952.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HARRIS, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany H. R. 7397]

The Committee on the District of Columbia, to whom was referred the bill (H. R. 7397) to amend and extend the provisions of the District of Columbia Emergency Rent Act of 1951; having considered the same, report favorably thereon with an amendment and recommend that the bill H. R. 7397 as amended do pass.

The amendment is as follows:

On line 6 strike "June 30, 1953" and insert in lieu thereof "March 31, 1953".

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to continue rent control in the District of Columbia until March 31, 1953. The bill, as originally drafted, would have continued rent control until June 30, 1953. In view of the fact that if Federal rent controls are continued in effect at all it likely will not be longer than March 31, 1953. The committee was of the opinion that rent control in the District of Columbia should be the same as that throughout the rest of the United States and reserved the right to amend the effective date of this bill to conform to Federal rent control at the time the bill is considered on the floor of the House.

The Commissioners of the District of Columbia and the Administrator of Rent Control for the District of Columbia recommended that rent controls in the District of Columbia be extended for another year; that is until June 30, 1953.

A statement by the Rent Administrator for the District of Columbia is herewith made a part of this report.

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STATEMENT ON H. R. 7397 BY THE ADMINISTRATOR OF RENT CONTROL FOR THE DISTRICT OF COLUMBIA, MAY 26, 1952

It may be of some assistance to this committee to briefly state the changes which were made in the District of Columbia Emergency Rent Act of 1941 by Public Law 63 of the Eighty-second Congress, approved June 30, 1951, which expires June 30, 1952. The most important change which was made in the 1941 act authorized a 20-percent increase over the January 1, 1941, frozen rental ceiling. It also provided that for housing accommodations which were rented for the first time after January 1, 1941, and rental ceilings had been determined by this office, that an increase of 2 percent per year to and including December 31, 1950, would be allowed. For example, if during the year 1946 a rental ceiling of \$100 per month had been determined by this office as a first rental, the landlord would be entitled to an increase of 2 percent per year from 1946 to 1950, both inclusive, 10 percent or \$10, making the rental \$110 per month. The above increases were permitted in addition to tax adjustments authorized by General Orders 12 and 13 which were issued by this office in 1947 and 1949, respectively, and covered a general increase in real-estate taxes in this city.

A prior amendment to the 1941 act provided that after March 31, 1948, new construction of rental housing accommodations did not come under the jurisdiction of this office—in other words, was decontrolled. The present act (1951) provides that all of these new housing accommodations shall come under the jurisdiction of this office and that for those rented during the year 1950 or on January 1, 1951, the rentals shall be frozen at the rates prevailing during the year 1950 or on January 1, 1951. For new housing accommodations coming on the rental market for the first time subsequent to January 1, 1951, the rental ceiling shall be that determined by the Administrator based on the rentals generally prevailing for comparable housing accommodations on January 1, 1951. The provisions covering the foregoing housing accommodations are found under section 2, paragraphs 1, 2, 3, and 4. Paragraphs 1, 2, and 3 are similar to the 1941 act except for the fact that the controlling date is changed from January 1, 1941, to January 1, 1951. Paragraph 4 of section 2 is new legislation. At the time it was being considered by the Administrator it was anticipated that probably twenty to twenty-five thousand structures would be involved in the percentage increase authorized under this paragraph. In order to assist the landlord as much as possible and to make for uniformity of records in this office, forms were prepared for use by landlords in applying for the percentage increase. They were first distributed July 18, 1951, and as of April 30, 1952, 20,042 such forms had been filed. They cover approximately 95,233 units. At the close of business April 30, 1952, approximately 10,602 of these forms representing a total of 31,536 units had been audited. Of those audited approximately 20 percent contained errors, resulting in the new rent ceilings being reported higher than authorized under the act. Most of these were mathematical errors which did not result in a large increase in rent and have been rectified. In some cases errors were discovered due to misinterpretation of the act on the part of the landlord or the real-estate broker collecting the rents. While the number audited in relation to the total number filed is only about half, it is due to the fact that the office staff is limited and that other routine work must be kept as nearly current as possible. Following the enactment of the District of Columbia Emergency Rent Act of 1951 an unprecedented volume of inquiries flowed into the office.

A daily record was kept of the incoming telephone calls for the period July 18 to August 30, 1951. As a result, 15,011 calls were clocked. The daily number of calls ranged from a minimum of 256 to a maximum of 848. It was possible to handle these calls only because every person in the office was instructed to answer the telephone. In addition to answering telephone calls, personnel of the office were also called upon to answer inquiries of persons who called at the office. During this same period approximately 6,700 persons visited the office to obtain the required forms or to personally consult staff members regarding the information required. The amount of time required to handle this business necessarily delayed routine work. It was also necessary to make a premise card (address card) for each one of the 20,042 forms filed. This has been completed as a result of personnel voluntarily working after hours. Of the aforesaid audited 10,602 forms covering 31,536 units, the annual rent income at June 30, 1951, was \$20,251,107.62. The present annual rent income is \$22,958,264.24 or an increase of \$2,707,156.62 over the June 30, 1951, ceiling. This increase amounts to 13.36 percent which is the over-all picture at present.

In the single-family dwellings 8,085 forms, each covering one unit, were audited with an annual rent income at June 30, 1951, of \$4,554,227.64. The present

annual rent income is \$5,364,705.24, an increase of \$810,477.60 which percentage-wise is a 17.79-percent increase. From this it will be seen that most of these dwellings were still renting at the 1941 base on June 30, 1951.

In the multifamily buildings or buildings containing from two to eight family units, 6,341 units have been audited. As of June 30, 1951, these units had an annual rent income of \$3,411,023.18. The annual rent income is now \$3,916,467.80, an increase of \$505,444.62 or 14.81 percent over June 30, 1951. This would indicate that an increase of 5.19 percent had been granted prior to the enactment of the 1951 act.

In the multifamily buildings containing nine or more units which covers the larger apartment buildings and garden-type developments, the annual rent income at June 30, 1951, was \$12,285,856.80. The annual rent income is now \$13,677,091.20, an increase of \$1,391,234.40 or 11.32 percent over June 30, 1951. This indicates that these units had already received an increase of approximately 8.68 percent. For all multifamily buildings 2,517 forms, covering 23,451 units, have been audited. It may be noted that the single-family dwellings show the largest increase which reveals that only a small number of this type of housing accommodations had applied for an increase prior to June 30, 1951.

With respect to the percentage increase set forth in relation to all types of housing accommodations other than single-family dwellings attention should be directed to the fact that these forms cover the smallest apartment buildings in the city as well as the largest. Under section 4 of the District of Columbia Emergency Rent Act of 1941 (and the same is true of the act of 1951) landlords were permitted to increase their rent on a proper showing of an increase in maintenance and operating expenses. Some of these housing accommodations received substantial increases on proper showing of an increase in maintenance and operating expenses, others, particularly smaller housing accommodations where operating expenses are not as great, received smaller increases. Thus, the average percentage increase for the type of housing accommodations other than single-family dwellings is not truly representative at this time and it is the opinion of the Administrator that it will be difficult for him to state with any degree of certainty the true percentage increase for these several types of housing accommodations until a far greater number of forms covering them have been audited. Auditing these forms is a slow and tedious task when there is taken into consideration the fact that any and all rental adjustments which have been made to these housing units over a period of 10 years must be checked. Files are not as accessible as they would be in a more modern building. On occasions it has been necessary to bundle old cases and place them in closets due to lack of space and filing cabinets.

Also under section 2 of the 1951 act all housing accommodations which were rented during the year 1950 or on January 1, 1951, but which were not under control prior to that date were frozen at the rent and service to which the landlord and tenant were entitled on January 1, 1951. And for housing accommodations not rented on January 1, 1951, or during the year ending on that date, the rent ceilings are to be determined by the Administrator on a January 1, 1951, rental base rather than January 1, 1941. Due to the heavy volume of work brought into this office after July 1, 1951, forms on which these new rentals are to be reported to this office were not ready for distribution until the latter part of October. It is believed that when all of the required forms have been filed in this office they will cover approximately 10,000 units. Most of these units are housing accommodations which have been coming on the rental market during the past several years. Several of the new larger apartment buildings have only been placed on the rental market within the past few months. All of these new buildings with the exception of one which is not yet completed are approximately 100 percent rented and in some cases there is a reported waiting list.

The office has processed 854 cases where rent ceilings were requested for housing accommodations placed on the rental market for the first time subsequent to January 1, 1951. The requested annual rentals amounted to \$1,453,615.32. The total amount granted was \$1,194,944.88 or a disallowance of \$258,670.44. These cases cover all types of housing accommodations from single-family dwellings to new apartment projects. In order to prevent a backlog occurring in the disposition of these first rent applications, the Administrator assigned the great majority of them to the general counsel for consideration and recommendation to him. Numerous conferences were had by the general counsel and the Administrator with the interested parties and in many of the cases a physical inspection was made of the housing accommodations.

Under section 4 of the act covering requests for increases in rent due to increase in maintenance and operating costs, 3,909 cases were disposed of between July 1,

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1951, and April 30, 1952. These formal petitions requested an annual rent increase of \$851,383.31. The total amount granted was \$646,221.67 or a disallowance of \$205,161.64 per annum. Of this amount, \$148,984.88 represents a disallowance in single-family dwellings, small apartment buildings, and single apartment units. The balance of \$56,176.76 represents a disallowance in the larger-type apartment building.

From July 1, 1951, to April 30, 1952, 289 subpoenas were served on the Administrator to appear in the Federal and municipal courts. As it is necessary that someone thoroughly familiar with the Rent Act be present to represent the Administrator these matters have been handled by the assistant general counsel. He has intervened and participated in 17 cases in the municipal court, in all of which the interpretation of the Rent Act by the Office of the Administrator has been upheld. In the municipal court of appeals, two cases were filed to review the final orders of the Administrator, one of which has been decided upholding the Administrator; the other case is awaiting argument. In the United States court of appeals there were two cases, one of which was decided favorably to the Administrator May 1st. The action of the United States court of appeals in upholding the contention of the Administrator in the decided case very materially strengthens the administration of the District of Columbia Emergency Rent Act as it relates to the determination of rental ceilings on new housing accommodations. The pending case is awaiting argument and probably will not be reached until early fall.

In the Public Relations Division, 5,190 telephone calls were handled and personal interviews were had with 3,427 persons regarding complaints made to this office. These interviews are in addition to those above referred to concerning the 20-percent increase authorized under the 1951 act. The Public Relations Division issued 75 subpoenas where persons requested to call at this office in relation to complaints refused to do so. Fifty-one cases were brought to the attention of the Public Relations Division where it was shown that rents in excess of the lawful maximum rent ceilings were being collected. Adjustments were made which resulted in a total annual reduction of \$8,157.09 to the tenant.

The foregoing is a brief, but the Administrator believes an informative, report of the operations of this office and the administration of the District of Columbia Emergency Rent Act of 1951 enacted June 30, 1951. The Administrator's attention has been directed to a comparative statement issued by the Labor Department and inserted in the Washington Star of May 22, 1952, stating that rents in Washington are higher than in 53 other large cities. The Administrator does not contest these figures but it is a matter of general knowledge to persons who have resided in Washington for any length of time that it has always been rated as one of the most expensive cities in the United States in which to live. This in itself is a factor to be considered in connection with the extension of local rent control. While rents, generally speaking, are high it is the opinion of the Administrator that they have been fairly well controlled in this city. A report issued by the Labor Department March 21, 1952, in relation to rents in the District of Columbia shows that for moderate-income families in a number of large cities in the United States, (using 100 as the base for a 1935-39 comparison) the city of Washington was next to the lowest reported. The percentage for this city was stated as 127.3. Thus it will be seen that while it is true that rents are generally higher here than in other reported cities, the actual rate of increase is not as great as has occurred elsewhere. Although many additional housing accommodations have been placed on the rental market in the District of Columbia during the past several years they have been occupied almost as fast as completed. The demand for luxury-type housing accommodations has diminished but that for housing accommodations in the range of \$65 to \$85, excluding efficiency units, is still heavy. It is the belief of the Administrator that conditions are still such as to justify the extension of rent control for another year.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

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PUBLIC LAW 63, EIGHTY-SECOND CONGRESS, CHAPTER 192, FIRST SESSION

S. 1590

AN ACT To extend and revise the District of Columbia Emergency Rent Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the District of Columbia Emergency Rent Act is hereby amended to read as follows:

"PURPOSES; TIME LIMIT

"SECTION 1. (a) It is hereby found that the national emergency and the national defense program (1) have aggravated the congested situation with regard to housing accommodations existing at the seat of government; (2) have led or will lead to profiteering and other speculative and manipulative practices by some owners of housing accommodations; (3) have rendered or will render ineffective the normal operations of a free market in housing accommodations; and (4) are making it increasingly difficult for persons whose duties or obligations require them to live or work in the District of Columbia to obtain such accommodations. Whereupon it is the purpose of this Act and the policy of the Congress during the existing emergency to prevent undue rent increases and any other practices relating to housing accommodations in the District of Columbia which may tend to increase the cost of living or otherwise impede the national defense program.

"(b) The provisions of this Act, and all regulations, orders, and requirements thereunder, shall terminate on ~~June 30, 1952~~ *June 30, 1953*; except that as to offenses committed, or rights or liabilities incurred, prior to such expiration date, the provisions of this Act and such regulations, orders, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

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CHAPTER I. THE LANDS OF THE UNITED STATES.

SECTION I. OF THE LANDS OF THE UNITED STATES.

SECTION II. OF THE LANDS OF THE UNITED STATES.